

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2602-01  
Bill No.: HB 1190  
Subject: Medals for Korean War veterans.  
Type: Original  
Date: March 8, 2002

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
General Revenue	(\$350,034)	\$0	\$0
Korean War Veterans' Recognition Award	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$350,034)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Adjutant General (OTAG)** state this proposal directs the Adjutant General to administer the Korean War Veteran Recognition program. Under this program, veterans of the Korean conflict residing in Missouri on August 28, 2001 are eligible to receive a medal/medallion and certificate from the State of Missouri as appreciation for their service. Legislation (RSMo 42.215) proposed would also authorize the Korean War Veterans Recognition Fund and allow gifts and donations to support the program. A similar fund was created for the W.W. II Veterans Award program and no donations were forthcoming.

OTAG states this proposal will make eligible approximately 86,000 Korean War veterans residing in Missouri eligible to receive Korean War Service Recognition Awards. This fiscal note estimate assumes that survivors of deceased veterans would not be eligible for awards. Computations assume that all Korean War veterans who currently reside in Missouri were residents of Missouri at time of entering service. Since OTAG's military archives maintain only war records of veterans who initially entered service from Missouri, verification of service of Korean veterans who entered service from states other than Missouri but currently reside in Missouri will require additional research (time/effort).

OTAG assumes that the period for applying for Korean War Awards will be extended a 12 month period to end January 1, 2004. The current bill lists the application deadline as January 1, 2003. Due to the funding and Code of State Regulation administrative requirements, and the appropriation and funding process issues the time line in the drafted legislation would not be adequate.

OTAG assumes both temporary state employees and contract labor would be used to administer the program and that a FY 2003 supplemental would be required to initiate the application process beginning January 1, 2003 and that administration and the final distribution of medals would last no longer than June 30, 2004. This proposal assumes that all awards are to be mailed to awardees.

Information received by OTAG projects that 85,414 Korean War veterans currently live in Missouri and are eligible to apply for recognition awards. OTAG assumes in this fiscal estimate that 50% will apply for the awards. Awards and postage is projected to cost \$7 per award.

OTAG assumes the need for one Veterans Service Supervisor (at \$36,012), one Office Support Assistant (at \$21,192), one Accountant I (at \$30,204) and one Account Clerk II (at \$23,184) for 10 months in FY 2003 and for a full year in FY 2004. OTAG assumes total costs to be \$209,444 in FY 2003 and \$586,744 in FY 2004.

ASSUMPTION (continued)

OTAG states that if this legislation is passed, a legislative letter of intent to allow the OTAG and expend existing appropriations (from W.W. II awards program) and a supplemental appropriation for FY 2003 will be required. Also, to initiate the award application process a code of state regulations would need to be developed so the program can be implemented to receive applications before January 1, 2003.

Officials from the **Department of Public Safety - Missouri Veterans' Commission (VET)** state that as of September 30, 2001, there are 85,400 Korean War Veterans in Missouri. The VET estimates 20,000 to 25,000 will not have documents required for application. Cost of additional postage, printing and clerical assistance for eligible veterans is estimated at \$25,000, \$12,500 each in FY 2003 and FY 2004.

Officials from the **Office of the State Treasurer** assume this proposal would not fiscally impact their agency.

The application period as stated in the proposal is from January 1, 2002 to January 1, 2003, therefore, **Oversight** assumes this program will completed in FY 2003. The effective date of the legislation would be August 28, 2002, therefore the actual application window would be from August 28, 2002 to December 31, 2002. With this short window, Oversight assumes one half of OTAG's estimated 43,000 (86,000 / 2) Korean Veterans would apply for the award in this four month timeframe. Therefore, Oversight has utilized 21,500 Korean Veterans applying for the award. In fiscal estimates for the W.W. II Veteran award program, Oversight has utilized a estimated cost of \$10 per award, and will also do so on this fiscal note.

Oversight also assumes that since OTAG was not allowed additional FTE in their budgets to administer the W.W. II recognition program, OTAG will be able to continue the administration of this program with the temporary employees and necessary supplies.

Oversight also assumes the unutilized balance of the \$3,000,000 appropriation from FY 2002 to the World War II awards program would not be utilized to cover some of the costs of this proposal, therefore have reflected the anticipated cost of the program being transferred from General Revenue to the newly created Korean War Veterans' Recognition Award Fund.

FISCAL IMPACT - State Government

FY 2003  
(10 Mo.)

FY 2004

FY 2005

**GENERAL REVENUE**

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Transfer Out</u> - to Korean War Veterans' Recognition Award Fund	<u>(\$350,034)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE</b>	<b><u>(\$350,034)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**KOREAN WAR VETERANS'  
RECOGNITION AWARD FUND**

<u>Transfer In</u> - from General Revenue	\$350,034	\$0	\$0
<u>Costs</u> - Adjutant General's Office Expense and Equipment	(\$122,534)	\$0	\$0
<u>Costs</u> - Veterans' Commission Expense	(\$12,500)	\$0	\$0
Medals, Medallions and Certificates	<u>(\$215,000)</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Costs</u> - Veterans' Commission	<u>(\$227,500)</u>	<u>\$0</u>	<u>\$0</u>

**ESTIMATED NET EFFECT TO THE  
KOREAN WAR VETERANS'  
RECOGNITION AWARD FUND**

**\$0**                      **\$0**                      **\$0**

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## DESCRIPTION

This proposal entitles veterans who served between June 25, 1950, and July 27, 1953, to receive a medallion, a medal, and a certificate of appreciation, if they are legal residents of Missouri and were honorably separated or discharged from the military or are still in active service. The Adjutant General will administer the program and the Veterans Commission will design the awards. The proposal creates the Korean War Veterans' Recognition Award Fund in the state treasury, which will consist of all gifts, donations, and bequests to the fund. The Adjutant General will administer the fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

## SOURCES OF INFORMATION

Department of Public Safety  
Missouri Veterans' Commission  
Office of the Adjutant General  
Office of the State Treasurer



Mickey Wilson, CPA  
Acting Director

March 8, 2002